

This document provides State Workforce Agencies (SWA) with preliminary information on the legislative authorization for the Work Opportunity Tax Credit (WOTC) and interim instructions for processing WOTC applications. The Employment and Training Administration (ETA) and the Internal Revenue Service (IRS) will be issuing formal guidance implementing the legislation, as well as updating WOTC forms as needed.

American Tax Payer Relief Act of 2012

On January 3, 2013, the President signed into law the American Tax Payer Relief Act of 2012 (the Act), which authorizes an extension of the WOTC program. In summary, the Act:

- Extends authorization for all veteran target groups (including those implemented under the VOW to Hire Heroes Act) to December 31, 2013
- Retroactively reauthorizes all WOTC non-veteran target groups, from December 31, 2011 to December 31, 2013
- Retroactively reauthorizes the Empowerment Zones, which determines eligibility for the summer youth target group, from December 31, 2011 to December 31, 2013
- Does NOT reauthorize the Recovery Act disconnected youth and Recovery Act unemployed veteran target groups.

Interim Instructions

ETA's Office of Workforce Investment is working in coordination with the IRS to issue a Training and Employment Guidance Letter (TEGL) regarding the legislative extension for WOTC. In the interim, the following instructions are provided to SWAs:

- Veteran Target Groups – SWAs can continue with no interruption processing and issuing determinations on WOTC applications for veteran target groups.
- Non-veteran Target Groups – Authorization for non-veteran target groups temporarily expired on December 31, 2011. At that time, ETA issued guidance (TEGL No. 15-11) for the hiatus period that directed states to continue accepting applications for these groups for employees hired on or after January 1, 2012, but to hold off on fully processing those applications pending further legislative action and guidance. With legislative authorization for WOTC now extended, SWAs may finish processing and begin issuing determinations on applications for non-veteran target groups received during the 2012 hiatus.

In processing WOTC applications for both veteran and non-veteran target groups SWAs should be aware that we anticipate that IRS will provide a period of relief from the 28-day timely filing requirement, as has been done in the past in instances of retroactive reauthorization for the program. IRS will be issuing forthcoming guidance that would include any such relief period.